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	SUMMARY	
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4.	Denunciation of Anglo-Egyptian Treaty increasingly fain Egypt (page 4).	vored
	WESTERN EUROPE	
5.	French and British contend expenses threaten Allied n strength (page 5).	nilitary
	LATIN AMERICA	
6.	Comment on Argentine "army revolt" (page 6).	

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prosals will be sufficiently liberal to counter the current anti-Western feeling in Egypt.

On 30 September the US Ambassador asked King Farouk to delay Egypt's abrogation of the treaty until the proposals could be advanced. Farouk replied that he could prevent Egypt from acting 'for a brief space but not for long. " The King added that he had told the Egyptian Government to prepare papers for abrogating the treaty, even though he hoped it would not be necessary to use them.

Comment: The successful implementation of the Middle East Command scheme -- the "new proposals" -- depends in large measure upon Egypt's approval of the plan. Once Egypt has taken the drastic step of abrogating the 1936 treaty, it will be difficult, if not impossible, to induce the Egyptian Government to consider a new defense scheme involving the present British base on the Suez Canal.

WESTERN EUROPE

5.	French and British contend expenses threaten Allied military strength	
25X1A	in Austria:	
	The French and British commanding generals in Austria have again informed the US commander that the maintenance or reinforcement of their forces in Austria at the strength considered necessary will be im-	•
	periled unless an additional allotment to occupation costs is forthcoming from the Austrian Covernment. The US Logation believes that this	ng
	from the Austrian Government. The US Legation believes that this argument will be used by French and British negotiators at the current tripartite discussions in Vienna.	t

The Legation proposes, therefore, that French and British requirements be acknowledged as falling within the framework of European defense and the Military Assistance Program. Their needs could thus be met without imposing an additional burden on the Austrian economy.

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Comment: British and French requests for US support in a new approach to the Austrian Government on this question have heretofore been rejected on the grounds of overriding Austrian political and economic considerations. The merit of the procedure suggested by the US Minister is that US external assistance would not benefit the Soviet military establishment in Austria, which would share in any increase in Austrian occupation costs allocations. However, any overt association of Allied forces in Austria with the European defense program would be subject to Soviet charges that Austria is being brought into the "aggressive" North Atlantic Alliance.

LATIN AMERICA

6. Comment on Argentine "army revolt":

Further information on the 28 September "army revolt" suggests that the government suppressed the beginnings of a weak revolt which it was convinced would fail because of the lack of army support. Since the most powerful army generals -- whose backing would be necessary to effect a successful coup -- were not involved in the plot, the army leadership apparently adhered to its agreement to support Peron through the elections if Senora de Peron withdrew her candidacy.

Peron's police have been aware of increased plotting among various military and civilian groups during the past several months, and in previous cases the government has neutralized any real threat by arrests or the shifting of army personnel. It is likely that in this instance, Peron's security measures were primarily calculated to reap propaganda benefits and identify his military opponents. The US Military Attache in Buenos Aires was on 29 September, however, still not ready to discard the possibility that the government planned the entire incident for these purposes.

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